REALTOR® Office Contact (ROC) - Legislative Briefing
July/August 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

FEDERAL

HUD ANNOUNCES $50 MILLION IN RECOVERY ACT FUNDS TO ASSIST LOCAL COMMUNITIES STABILIZE NEIGHBORHOODS HARD HIT BY FORECLOSURE: U.S. Department of Housing and Urban Development Secretary Shaun Donovan recently announced that HUD is launching a $50 million effort to help state and local governments address the inventory of foreclosed properties assisted under the Department's Neighborhood Stabilization Program (NSP). HUD is awarding $44.5 million to nine national organizations and another $5.5 million to help local communities purchase, rehabilitate and resell foreclosed properties in especially hard-hit neighborhoods. Provided through the American Recovery and Reinvestment Act of 2009 (the Recovery Act), these grants will allow HUD to dispatch teams of experts to help improve the effectiveness of neighborhood stabilization programs, particularly in communities with few staff and technical expertise.

HUD's NSP-TA grants will:

* Help NSP grantees to implement sound underwriting, management, and fiscal controls;
* Measure outcomes in the use of public funds through accurate and timely reporting;
* Build the capacity of public-private partnerships;
* Develop strategies to serve low-income households;
* Incorporate energy efficiency into State and local NSP programs;
* Provide support, technical assistance, and training on the operation and management of 'land banks;'
* Train grantees and their sub grantees on HUD program rules and financial management requirements; and
* Assist grantees and their sub grantees to develop materials on energy conservation or other Departmental or programmatic priorities.

August Health Insurance Reform Deadline Passes Without Floor Votes: Health Care Activity Continues in August. Despite the August Congressional recess, NAR staff continued to share the Realtor perspective on the health insurance reform debate. Most recently, on September 2nd, NAR staff met with the senior health staff in the Speaker's office. That meeting was then followed up later that day with meetings with the senior staff in the White House Office of Health Policy. The primary focus of both meetings was on those issues that continue to concern the self-employed and small businesses, in general, and Realtors, in particular, in the House and Senate health bills. In addition, staff also raised the problems inherent in the House bill's approach to employer tax credits that would prohibit non-profit employers, like Realtor associations, from benefiting from the proposed tax credits. White House staff indicated that they were aware of the problem and were working with House leadership on addressing the oversight.

FHA Clarifies Position on HVCC: National Mortgage News recently reported that, according to the National Association of Mortgage Brokers (NAMB), the Federal Housing Administration (FHA) will not implement the Home Valuation Code of Conduct (HVCC) for its mortgage insurance programs. According to the article, FHA Commissioner David H. Stevens met with a delegation from NAMB and discussed a variety of topics. After talking with HUD, NAR believes it is clear that FHA supports much of what the Code has accomplished. FHA is currently reviewing its appraisal policies and may adopt changes that take HVCC into account.
NAR's HVCC Web page
Federal Housing Administration
National Mortgage News

Please contribute to the REALTOR® Action Fund so SDAR may continue to protect your interests. For additional information or to contribute to the REALTOR® Action fund, please contact the Government Affairs Dept. at govaffairs@sdar.com or 858-715-8026.

REALTOR® Office Contact (ROC) - Legislative Briefing
July/August 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

NAR Calls for Enhancements to New FHA Condominium Rules: On July 31, 2009, NAR President Charles McMillan sent a letter to FHA Commissioner David Stevens calling for enhancements to recently announced Mortgagee Letter 2009-19, Condominium Approval Process – Single Family Housing. In the letter, NAR applauds FHA for reducing the owner-occupancy requirement from 51 percent to 50 percent but argues this reduction is not sufficient. NAR recommends that FHA adopt a policy similar to government sponsored enterprises, Fannie Mae and Freddie Mac, where there is no owner-occupancy requirement if the borrower is going to occupy the unit after purchase. NAR also recommends increasing or temporarily suspending the FHA concentration requirement, reducing or eliminating the requirement that 50 percent of units must be sold prior to FHA insuring a mortgage in the project, and clarification on the reserve study requirement.

NAR believes that enhancements to the mortgagee letter will help stabilize many condominium projects and benefit all stakeholders in the real estate transaction. Lenders will have the opportunity to move REO properties off their books because more units could be eligible for buyers with FHA mortgages. Individuals and families purchasing units in these developments with FHA loans will have access to more flexible and affordable financing opportunities. Potential buyers with FHA mortgages will have a wider choice of condominium developments. Finally, existing owners in these developments benefit as vacant units are purchased and occupied and the owner-occupied ratio increases.

NAR Letter to FHA on New Condo Rules
Mortgagee Letter 2009-19: Condominium Approval Process – Single Family Housing

STATE

BIG WIN FOR REALTORS® – INDEPENDENT CONTRACTOR WITHHOLDING NOT IN THE STATE BUDGET: C.A.R. aggressively opposed the 3 percent independent contractor withholding proposal on the table during recent state budget discussions. We want to thank you for reaching out to your legislators. As a result of our joint efforts, the over withholding scheme was not included in the agreement. More than 8,000 REALTORS® used C.A.R.'s mobilization hotline to voice their opposition to this proposal. Countless others e-mailed, wrote, faxed, or called their legislators directly. Your actions sent a clear message to our elected officials: Even when the odds are stacked against us, we will not give up quietly, and will continue to fight for REALTORS®' rights.

LOCAL

APPEALS COURT REJECTS LOCAL BUSINESS TAX AND RENTAL UNIT TAX PROCESSING FEE IN SAN DIEGO: In an August ruling, the Fourth District Court of Appeals rejected a San Diego County Superior Court decision that had upheld a fee imposed in the city of San Diego to collect a business license tax on all rental units. The fee was imposed by the city in 2004 to offset the $3.5 million costs it incurred to collect and process its own business tax and the rental unit business tax (RUBT). While the legality of the business taxes were not challenged, the legality of the processing fee was. The appeals court reversed the superior court ruling, by finding that the fee is a general tax that is void because it was not approved by a majority vote of the municipal electorate.

REALTOR® Office Contact (ROC) - Legislative Briefing
July/August 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

INCREASING LINKAGE FEES BEING DISCUSSED AT THE CITY: The City of San Diego Land Use and Housing Committee voted on a three-to-one vote, with Councilman Kevin Faulconer opposing, to direct staff to prepare the necessary studies to consider an increase in linkage fees for the next year (Linkage fees are fees assessed on non-residential developments on a square foot basis and deposited into the Housing Trust Fund. This includes all commercial properties and Tenant Improvements. Linkage fees are combined with rents collected from public housing residents, and administrative fees as source funding for the San Diego Housing Commission). The committee requested that the Housing Commission prepare an update of the Linkage Fee Nexus Study and an updated fee schedule for consideration. In addition, they requested the San Diego Housing Commission to work with industry stakeholders to define additional options to increase funding for affordable housing in a broad based and comprehensive manner.

The San Diego Association of REALTORS® along with a broad business coalition, including the Building Industry Alliance, California Restaurant Association, the San Diego Chamber of Commerce and others were in agreement that in this current economic environment, that there is absolutely no reasonable justification for even looking at increasing the fee. Linkage fees were first enacted in 1990 when the San Diego Municipal Code created a Housing Trust Fund. When the fee was first proposed, it was among several options to help provide for affordable housing that the city council considered. However, only two have ever been levied, one being the linkage fee, the other being the inclusionary housing policy. No other broad-based funding measures have ever been given serious consideration, despite the fact that they would provide far more revenue and, therefore, far more housing units to help address the affordable housing issues in this region. To date, commercial, industrial and retail projects have paid more than $50 million in linkage fees. The nexus study is expected to be completed by Spring 2010 with committee consideration expected sometime in June.

Please contribute to the REALTOR® Action Fund so SDAR may continue to protect your interests. For additional information or to contribute to the REALTOR® Action fund, please contact the Government Affairs Dept. at govaffairs@sdar.com or 858-715-8026.